

**DIRECT TESTIMONY OF
FELICIA D. HOWARD
ON BEHALF OF
SOUTH CAROLINA ELECTRIC & GAS COMPANY
DOCKET NO. 2017-5-G**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.**

2 A. My name is Felicia D. Howard, and my business address is 220 Operation
3 Way, Cayce, South Carolina. I am the Vice President of Gas Operations for South
4 Carolina Electric & Gas Company (“SCE&G” or the “Company”).
5

6 **Q. DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS**
7 **BACKGROUND.**

8 A. I have a Bachelor of Science Degree in Electrical and Computer Engineering
9 and a Master of Business Administration Degree from the University of South
10 Carolina. Prior to joining SCE&G, I worked with Westinghouse Electric
11 Corporation in Asheville, North Carolina, where I provided technical support for
12 sales and marketing of equipment for electrical generators. In addition, I held other
13 positions with Westinghouse’s Distribution and Control Business Unit in product
14 engineering, quality engineering, and technical sales in Sumter and Charleston,
15 South Carolina, and Charlotte, North Carolina.

16 I joined SCE&G in 1992 as a Quality Advisor for process improvement
17 efforts in the Fossil/Hydro Business Unit. During my tenure with SCE&G and
18 SCE&G’s parent company, SCANA Corporation, I also worked as a Key Account

1 Manager for SCE&G's largest industrial customers; Manager of
2 Community/Economic Development and Local Government; and Director of
3 Demand Side Management. In February 2013, I assumed my current position as
4 Vice President of Gas Operations for SCE&G.

5
6 **Q. WHAT ARE YOUR DUTIES AS VICE PRESIDENT OF GAS**
7 **OPERATIONS?**

8 A. My corporate responsibilities include, among other things, oversight of the
9 daily operations of SCE&G's natural gas distribution system, including
10 maintenance, construction, and gas sales. I also am responsible for the overall
11 reliability of the system, which includes ensuring that the system is capable of
12 providing safe and reliable service to our customers.

13
14 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY.**

15 A. The purpose of my testimony is to provide the Commission with an overview
16 of SCE&G's gas purchasing practices for the period under review, August 1, 2016,
17 through July 31, 2017 ("Review Period"). I will describe SCE&G's natural gas
18 distribution system from an operations standpoint and discuss the primary facilities
19 that comprise the system, including the capacity of the system for serving SCE&G's
20 customers. I also will discuss the construction projects in which SCE&G is engaged
21 that are designed to increase the capacity, reliability, and operational flexibility of
22 SCE&G's system.

1 **I. PURCHASED GAS ADJUSTMENT PROCEEDING**

2 **Q. WHAT IS THE PURPOSE OF THIS PURCHASED GAS ADJUSTMENT**
3 **(“PGA”) PROCEEDING?**

4 A. By Order No. 87-898, dated August 14, 1987, the Commission instituted an
5 annual PGA review of SCE&G’s gas purchasing policies and practices. These PGA
6 reviews are conducted to determine the prudence of SCE&G’s gas purchasing
7 policies and practices during the period under review and to determine if SCE&G
8 properly applied its tariffs in recovering its gas costs.

9 It is worth noting that in every PGA review, the Commission has found that
10 SCE&G’s gas purchasing policies and practices were prudent and that the Company
11 properly adhered to the gas cost recovery provisions of its gas tariffs and applicable
12 Commission directives and orders.

13 In this PGA proceeding, the Company will provide testimony from personnel
14 who implement SCE&G’s gas purchasing practices and policies and who address
15 tariff issues on a day-to-day basis. Their testimony specifically relates to the
16 Review Period. Rose M. Jackson, General Manager – Supply & Asset
17 Management, explains SCE&G’s gas purchasing practices, gas supply and interstate
18 pipeline capacity. Rachel M. Robinson, Manager – Electric and Gas Regulatory
19 Accounting, discusses the PGA methodology for recovering the cost of gas
20 implemented by the Company pursuant to Commission Order Nos. 2006-679 and
21 2009-910.

1 **Q. PLEASE PROVIDE AN OVERVIEW OF SCE&G'S GAS PURCHASING**
2 **PRACTICES FOR THE REVIEW PERIOD.**

3 A. SCE&G's management analyzes and considers the supply and interstate
4 capacity assets of its business on an on-going basis in order to provide safe, reliable,
5 and economical natural gas service in South Carolina. All of the variables related
6 to the growth in our state and the demand on SCE&G's system must be balanced
7 with corresponding supply and capacity needs. Finally, I want to emphasize to the
8 Commission that the Company procured reliable and reasonably priced natural gas
9 supplies during the Review Period.

10
11 **II. SCE&G'S NATURAL GAS DISTRIBUTION SYSTEM**

12 **Q. PLEASE DESCRIBE SCE&G'S NATURAL GAS SYSTEM FROM AN**
13 **OPERATIONS STANDPOINT.**

14 A. As of December 31, 2016, SCE&G's natural gas distribution system
15 consisted of more than 9,645 miles of pipeline which includes approximately 9,192
16 miles of distribution mains and 453 miles of transmission mains. SCE&G's natural
17 gas system also consisted of more than 393,939 service lines which extend from the
18 Company distribution and transmission mains. The Company's pipeline facilities
19 range in diameter from ½-inch distribution pipe to 20-inch transmission pipe and
20 carry natural gas under pressures typically ranging from 25 pounds per square inch
21 gauge ("psig") to 1,100 psig in order to deliver safe and reliable natural gas service

1 to approximately 362,000 factories, businesses, and homes in South Carolina, as of
2 the end of the Review Period.

3
4 **Q. WHAT LIQUEFIED NATURAL GAS (“LNG”) FACILITIES DOES SCE&G**
5 **OPERATE?**

6 A. SCE&G owns and operates two LNG facilities. These facilities are located
7 at Bushy Park near North Charleston and at Salley in western Orangeburg County.
8 The LNG facilities allow SCE&G to store natural gas in liquid form and revaporize
9 it back into the pipeline when necessary. SCE&G primarily dispatches its LNG to
10 help meet high demand and to serve as a backup supply of gas in emergency
11 situations.

12
13 **Q. WHAT ARE THE CAPACITIES OF THE LNG FACILITIES?**

14 A. The Bushy Park facility has the capability of converting natural gas into a
15 liquid, a process known as liquefaction. It can store up to 980 million cubic feet of
16 LNG.

17 The Salley facility has the capability of storing up to 900 million cubic feet
18 of trucked-in LNG. LNG must be transported to Salley via truck because Salley
19 does not possess the ability to liquefy natural gas.

1 **Q. PLEASE DISCUSS THE GROWTH ON THE COMPANY’S SYSTEM**
2 **DURING THE REVIEW PERIOD.**

3 A. During the Review Period, SCE&G continued to experience growth on its
4 gas system. More specifically, SCE&G’s total number of natural gas customers
5 grew by approximately 2.95%, which is largely attributable to the growth of our
6 residential class of customers because of new home construction occurring across
7 the Company’s service territory.
8

9 **Q. WHAT STEPS HAS SCE&G TAKEN TO EXPAND ITS NATURAL GAS**
10 **SYSTEM DURING THE REVIEW PERIOD?**

11 A. Over the years, SCE&G has expanded its system as needed by adding
12 pipeline to reliably serve its new and existing customers and create operating
13 flexibility on its system. Expansion of the system is also designed to accommodate
14 population growth throughout South Carolina. For example, during the Review
15 Period, SCE&G installed approximately 26,000 feet of 12-inch pipeline along U.S.
16 Highway 378 in Horry County to serve new residential, commercial, and industrial
17 customers. The Company also installed 10,500 feet of 6-inch pipeline along
18 Holmestown Road in Horry County to serve new residential and commercial
19 growth.

20 In the Charleston area, the Company installed approximately 23,000 feet of
21 8-inch pipeline near Ridgeville. This project enabled the Company to provide gas
22 service to Volvo Car US Operations Inc. as well as the Camp Hall Industrial Park.

1 The Company also installed 9,360 feet of 8-inch, 4,500 feet of 6-inch, and 13,500
2 feet of 2-inch pipeline to serve approximately 7,000 homes in the Cane Bay
3 development near Moncks Corner.

4 In the North Augusta area, the Company rebuilt the primary town border
5 regulating and metering station serving much of North Augusta in order to improve
6 reliability of the station and provide for expanded capacity to serve new customers.

7 In the Georgetown area, the Company installed 13,400 feet of 4-inch pipeline
8 along U.S. Highway 521 to provide gas service to the Georgetown County Business
9 Park.

10 In the Columbia area, the Company installed 15,000 feet of 4-inch pipeline
11 along Highway Church Road and Brazell Road in Kershaw and Richland Counties
12 to serve a new industrial customer. The company also installed approximately
13 12,000 feet of 4-inch pipeline along Fish Hatchery Road to serve new residential
14 customers and to continue to expand the system near South Congaree, Pine Ridge,
15 and Gaston.

16 In the Florence area, the Company installed 7,800 feet of 6-inch pipeline
17 along U.S. Highway 52. This pipeline is to support an expanding industrial customer
18 as well as serve new residential and commercial customers.

19 In the Edgefield area, the Company installed 4,100 feet of 4-inch and 750
20 feet of 6-inch pipeline to serve an expanding industrial customer as well as provide
21 for improved system reliability in the Town of Edgefield.
22

1 **Q. DID THE COMPANY UNDERTAKE ANY PROJECTS DURING THE**
2 **REVIEW PERIOD TO IMPROVE THE SAFETY, INTEGRITY, AND**
3 **RELIABILITY OF ITS NATURAL GAS SYSTEM?**

4 A. Yes. In addition to system expansion, SCE&G completed a number of
5 projects to improve system safety, integrity and reliability.

6 During the Review Period, SCE&G completed two additional inline
7 inspection (“ILI”) projects on transmission pipelines totaling approximately 8 miles.
8 The ILI data is currently being analyzed. Since implementing ILI for its
9 transmission pipelines, SCE&G has conducted ILI on five pipelines totaling
10 approximately 52 miles. To date we have completed ILI on approximately 40% of
11 our pipelines which are currently capable of being inspected by the technology.

12 In addition to ILI, SCE&G conducts additional inspections of its
13 transmission pipeline system. This enhanced inspection is targeted to those
14 transmission pipelines deemed most susceptible to damage by third parties,
15 specifically those residing in road rights-of-way corridors where excavation by
16 others is more common. During the Review Period, these enhanced inspections
17 covered approximately 6 miles of pipeline and involved 59 digs for examination;
18 SCE&G found and repaired 7 locations of third party damage. To date, we have
19 completed inspections on approximately 60% of total pipeline miles subject to these
20 inspections.

21 As for the Company’s distribution system, over the last several years
22 SCE&G has replaced vintage polyethylene 3306 “black plastic” service lines

1 located within its system in accordance with recommendations by the Pipeline and
2 Hazardous Materials Safety Administration (“PHMSA”). During the Review
3 Period, the Company replaced approximately 2,700 of these service lines. To date,
4 the Company has replaced approximately 19,000 of the estimated 31,000 “black
5 plastic” service lines in the system and work continues on this multi-year
6 replacement program.

7
8 **Q. PLEASE BRIEFLY DESCRIBE THE SAFETY PERFORMANCE OF**
9 **SCE&G CONCERNING ITS NATURAL GAS SYSTEM.**

10 A. As a regulated natural gas utility, SCE&G is subject to comprehensive
11 federal and state regulation. At the federal level, PHMSA, acting through the Office
12 of Pipeline Safety, has developed pipeline safety regulations over the years. These
13 pipeline safety regulations include, among other things, provisions governing
14 pipeline design, construction, testing, operations, maintenance, and emergency
15 response activities. There are also specific requirements for training and qualifying
16 personnel to work on natural gas systems, as well as additional requirements for
17 administering integrity management programs for both gas transmission and
18 distribution pipelines. The South Carolina Office of Regulatory Staff monitors the
19 Company’s compliance with pipeline safety regulations.

20 SCE&G has an outstanding safety record due in large part to the Company’s
21 safety-focused culture. SCE&G’s highest priority is to safeguard and protect those
22 individuals who come into contact with the SCE&G system, including employees,

1 customers, and the public at-large. Moreover, the Company employees who work
2 on SCE&G's pipeline system and at the LNG facilities take great pride in safety
3 performance.

4
5 **Q. WHAT ARE YOU REQUESTING OF THE COMMISSION IN THIS**
6 **PROCEEDING?**

7 A. The primary commitments of SCE&G continue to be to operate our system
8 in a safe, reliable and efficient manner. Further, our employees are committed to
9 providing outstanding customer service and operational excellence. During the
10 Review Period, the Company prudently managed its business operations, which
11 included the purchase and recovery of its gas supplies and administration of the
12 PGA. Therefore, on behalf of SCE&G, I respectfully request the Commission find
13 that the Company has recovered its gas costs for the Review Period consistent with
14 its tariffs and Commission orders and that it has purchased its gas supplies and
15 administered the PGA in a prudent and reasonable manner.

16
17 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

18 A. Yes.